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Integrated and coordinated implementation of and follow-up to the outcomes of the major United Nations conferences and summits in the economic, social and related fields

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Investing in the United Nations: for a stronger Organization worldwide: detailed report

Report of the Secretary-General

Addendum

Budget implementation

I. Introduction

1. In paragraph 162 of the 2005 World Summit Outcome (General Assembly resolution 60/1), the Assembly reaffirmed the role of the Secretary-General as the chief administrative officer of the Organization, in accordance with Article 97 of the Charter, and requested him to make proposals to the Assembly for its consideration on the conditions and measures necessary for him to carry out his managerial responsibilities effectively.

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2. In addition, in paragraph 163 of the same resolution, the General Assembly emphasized the need to decide on additional reforms in order to make more efficient use of the financial and human resources available to the Organization and thus better comply with its principles, objectives and mandates. In this regard, the Secretary-General was called upon to submit proposals for implementing management reforms to the Assembly for its consideration and decision in the first quarter of 2006. As reflected in his report on the revised estimates relating to actions mandated by the 2005 World Summit (A/60/537), the Secretary-General indicated that a follow-up mechanism was in place to develop proposals for a full review of the budgetary, financial and human resources policies, regulations and rules under which the Organization operates with a view to aligning them with the current and future needs of the Organization and to enable him to carry out his managerial responsibilities effectively. Furthermore, it was indicated that the report would be submitted to the Assembly at its resumed sixtieth session in the first quarter of 2006.

3. In paragraph 11 of its resolution 60/246, the General Assembly recognized the need for limited discretion in budgetary implementation for the Secretary-General within defined parameters to be agreed by the Assembly along with clear accountability mechanisms for its use, on the basis of recommendations of the Secretary-General to be provided to the Assembly at its resumed sixtieth session.

4. In this connection, under proposal 16 of his report entitled "Investing in the United Nations: for a stronger Organization worldwide" (A/60/692 and Corr.1), the Secretary-General proposed a number of changes in the area of strategic budgetary planning and implementation on, inter alia: (a) furthering by Member States and the Secretariat of the strategic nature of the budget review; (b) modification of the budget cycles; (c) consolidation of the budget appropriation; (d) approval of posts in aggregate numbers and in broad categories; and (e) granting of authority to utilize the savings from vacant posts for emerging priorities or unanticipated activities.

5. In section VI of its resolution 60/260, the General Assembly, having considered the proposals of the Secretary-General, recalled paragraph 11 of its resolution 60/246 and indicated that the proposals did not respond to its request; requested the Secretary-General to submit at its resumed sixtieth session proposals conforming fully with paragraph 11 of resolution 60/246; and reaffirmed the provisions of section I of its resolution 49/233 A.

6. Accordingly, the Secretary-General has reviewed the scope and content of proposal 16 and determined that bullet points one and two of that proposal fall outside the provisions of paragraph 11 of resolution 60/246 and accordingly are not being pursued in this context. In preparing the following section concerning the balance of proposal 16, the Secretary-General duly considered the provisions of the above-mentioned resolution and the guidance of the Advisory Committee on Administrative and Budgetary Questions (see A/60/735 and Corr.1), whose report the Assembly took note of in its resolution 60/260. The proposals have been carefully reviewed and are presented in modified form to ensure that they fully meet the requirements of resolution 60/260 in respect of defined parameters and clear accountability mechanisms.

II. Proposals for limited discretion during budget implementation

7. In his report on Strengthening of the United Nations: an agenda for further change (A/57/387 and Corr.1), the Secretary-General indicated that despite serving as the chief administrative officer of the Organization, he had no authority to shift any money between programmes, or from staff to non-staff costs, without the prior approval of Member States, even though Member States had granted flexibility to many heads of specialized agencies, funds and programmes in order to improve their capacity to respond to fast-changing demands.

8. Consequently, the Secretary-General proposes that:

(a) Authority be granted to transfer resources between sections within parts of the approved programme budget;

(b) Authority be granted within the approved staffing table, for the Secretariat as a whole for a given budget period, to undertake post actions (redeployment, reclassification and conversion)[1] for up to 10 per cent of the overall posts within and between three broad categories.

A. Transfers between sections

9. During the initial period of the Organization, the General Assembly adopted the budgets of the United Nations at a highly aggregated level in separate parts and sections, and at the input rather than the programme level. However, the Secretary-General was authorized, by written order, to transfer credits between sections within parts and was requested to report to the Assembly in the subsequent year all such transfers, together with the circumstances relating thereto.

10. As the Organization continued to develop and increase in complexity, the number of parts and sections of the budget increased significantly. By General Assembly resolution 166 (II) of 20 November 1947, the Secretary-General was authorized to make transfers only between the three sections contained in the part of the budget relating to the economic commissions, administration of the Free Territory of Trieste and advisory social welfare functions. All other transfers of credits between sections of the budget were authorized only with the prior concurrence of the Advisory Committee on Administrative and Budgetary Questions. By 1974, with the introduction of a new form of presentation of the United Nations budget and a biennial budget cycle (see A/C.5/1429 and Corr.1 and 2, A/8739 and resolution 3043 (XXVII) of 19 December 1972), subsequent appropriation resolutions of the General Assembly delegated the full authority for transfers of credits between sections to the Advisory Committee.

11. This practice remains in effect. While regulation 5.6 of the Financial Regulation and Rules of the United Nations (ST/SGB/2003/7) states that no transfer between appropriation sections may be made without authorization by the General Assembly, this authority is regularly delegated to the Advisory Committee in the context of the resolution on the programme budget (see, most recently, resolution 60/247 A, para. 2).

[1] For example, conversion from the National Officer to the Professional category.

12. The present proposal for limited discretion during budget implementation is broadly consistent with an earlier proposal (see A/57/387, para. 167, action 21 (d)), in which flexibility was sought to give to the Secretary-General, as chief administrative officer, authority to reallocate up to 10 per cent of resources between programmes and between allocations within a single budget period to meet emerging requirements.

13. In addition, the proposal is in line with the comments made by the Advisory Committee in the context of its consideration of the proposed programme budget for the biennium 1992-1993 (see A/46/7, para. 22, and General Assembly resolution 46/185 B, sect. 3). At that time, in addressing underutilized balances, the Advisory Committee indicated that every effort should be made to achieve a more flexible application of the procedure for transfers between sections and that the Secretary-General might wish to submit proposals in that regard.

14. Both the earlier proposal (action 21 (d)) and the present one represent an effort to enable the Secretary-General to respond to unanticipated needs in a timely and efficient manner.

Accountability mechanism

15. The Secretary-General would be accountable to the Assembly for the exercise of discretionary authority, and would report thereon through the first and second performance reports on the programme budget (see annexes I and II). The reporting mechanism (consistent with A/60/312, annex I) in this case would be comparable to that presently employed in respect of the utilization of authorities granted under resolutions on unforeseen and extraordinary expenses. In addition, a clear narrative would be included on the purpose, the reasons for and the impact of the transfer, if any, on the releasing and receiving sections. Given the existing structure of the budget, parts VII, VIII, IX, XI, XII, XIII and XIV would be excluded, as they contain only one section each.

Defined parameters

16. The following criteria would be applied by the Secretary-General, as appropriate, in determining any transfers of appropriations across sections:

(a) The appropriateness of alternative sources of funding;

(b) The level and scope of activities necessitating the transfer as verified by workload indicators and expected accomplishments;

(c) The inability to meet requirements within the section;

(d) The programmatic impact for the releasing section;

(e) Whether the transfer is of a one-time or continuing nature;

(f) That the total value of resource transfers to be applied under these procedures does not exceed 10 per cent of the approved programme budget.

17. For the period outside the performance reporting cycle, notably, prior to the closing of the accounts of the United Nations at the end of the financial period, any further transfers between appropriation sections of the programme budget would continue to be reported to the Advisory Committee for its consideration and concurrence.

18. No change is envisaged in the format, presentation or content of the proposed programme budget as set out in regulation 5.4 of the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation (ST/SGB/2000/8), as individual documents relating to each budget section would continue to be submitted for expert body and intergovernmental consideration as well as approval by the General Assembly.

19. Should the General Assembly approve it, this proposal may be implemented immediately. It would also be necessary for the Assembly to amend financial regulation 5.6 as follows:

Current regulation	*Proposed revision*
5.6 No transfer between appropriation sections may be made without authorization by the General Assembly.	5.6 The Secretary-General shall be authorized to make transfers between appropriation sections, within parts, during implementation of the budget. No transfer between parts may be made without authorization by the General Assembly.

Appropriate revisions to the related financial rules would subsequently be promulgated by the Secretary-General following approval by the Assembly of the revision to regulation 5.6.

B. Adjustments to the staffing table

20. In paragraph 191 of his report entitled "In larger freedom: towards development, security and human rights for all" (A/59/2005), the Secretary-General indicated that, as chief administrative officer of the Organization, the Secretary-General must be given a higher level of managerial authority and flexibility and needed to have the ability to adjust the staffing table as necessary and without undue constraint.

21. In this connection, it is recalled that in paragraph 162 of its resolution 60/1, the General Assembly had reaffirmed the role of the Secretary-General as Chief Administrative Officer, in accordance with Article 97 of the Charter. Furthermore, the Secretary-General was requested to make proposals to the Assembly for its consideration on the conditions and measures necessary for him to carry out his managerial responsibilities effectively.

22. Furthermore, in paragraph 11 of its resolution 60/246, the General Assembly recognized the need for the Secretary-General to have limited discretion in budgetary implementation within defined parameters to be agreed by the Assembly along with clear accountability mechanisms for its use, on the basis of recommendations of the Secretary-General to be provided to the Assembly.

23. Those views concerning the staffing table are not new and had been evident as early as 1972, as reflected in paragraphs 35 and 57 of the report of the Advisory Committee to the General Assembly at its twenty-seventh session (A/8739):

> 35. The 1958 budgetary reform was designed to facilitate the practical application of priorities, in response to repeated calls by Governments of Member States for the concentration of effort on tasks of the highest priority and for the utmost economy in the use of available resources. Its main feature was the "consolidated manning table", which enable the Secretary-General to switch post between departments.
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> 57. Problems could arise however, in the administration of the manning table, especially in the smaller organizational units, if excessive rigidity were to prevent such redeployment of resources as may prove necessary from time to time. In this connexion, it should be recalled that the introduction of the consolidated manning table in the 1958 reform was prompted by the desire to give the Secretary-General the flexibility needed to respond to high-priority tasks (see paragraph 35 above). The Advisory Committee recommends that consideration be given to devising procedures that would prevent undue compartmentalization.

24. Over the ensuing years, the Advisory Committee on Administrative and Budgetary Questions has consistently supported greater discretionary authority in this area.

25. It is recalled that some measure of discretion regarding staffing table management has already been provided to the Secretary-General in the context of resolution 48/228 C, reaffirmed in resolution 50/214 (see also A/50/7, paras. 101 and 104), in which the General Assembly endorsed the procedures regarding controls contained in paragraph 30 (a) to (c) of document A/49/339 and Corr.1 on the authority of the Secretary-General to reclassify posts up to the P-5 level provided that the relationship between the overall numbers for each grade level was maintained and that the appropriations were not exceeded.

26. In paragraph 74 of its first report on the proposed programme budget for the biennium 2004-2005 (A/58/7), the Advisory Committee recommended that the existing authority for the Secretary-General to reclassify posts be refined so as to provide the ability to reclassify posts from G-1 to G-6 and from P-1 to P-5, provided that the overall number of posts in each grade did not change. This would generally mean that each upward reclassification would have to be offset by the downward reclassification of another post or that posts would be exchanged (e.g., a P-5 in one office would be exchanged for a P-4 in another).

27. In its first report on the proposed programme budget for the biennium 2006-2007 (A/60/7, para. 54), the Advisory Committee expressed the view that the Secretary-General must be willing to exercise his authority to administer the staff of the Organization and that the departments subordinate to him must accede to that authority. The Committee urged the Assembly to strengthen the Secretary-General's role as chief administrative officer by granting him the flexibility necessary to effectively manage the staff and other resources of the Organization and by encouraging him to fully utilize his authority, it being understood that all personnel actions must be consistent with the Staff Regulations and that any which have financial implications should be treated in accordance with the Financial Regulations.

Defined parameters

28. The Secretary-General proposes that, within the approved staffing table for the Secretariat as a whole for a given budget period, authority be granted for post actions (redeployment, reclassification and conversion[1]) to be undertaken for up to 10 per cent of posts within and between three broad categories. The creation and suppression of posts would continue to be subject to the exclusive authority of the General Assembly, utilizing the mechanisms of the proposed programme budget, revised estimates or statements of programme budget implications. The Secretary-General is not seeking any discretionary authority with regard to the creation or suppression of posts.

29. The broad categories of posts for which discretionary action is requested by the Secretary-General are the following (see also annex III):

Category I: D-1/D-2

Category II: P-1 to P-5 (inclusive of National Officer and Field Service posts)

Category III: General Service (Other level), General Service (Principal level), Local level and Trades and Crafts

30. Post actions outside these three categories (i.e., Assistant Secretary-General and above and Safety and Security) would continue to be addressed through established procedures.

31. The present proposal would provide limited staffing table discretion to the Secretary-General during budget implementation. It does not diminish the availability of information to the General Assembly and its relevant intergovernmental and expert bodies, within their respective mandates, in the planning, programming, budgeting, monitoring and evaluation process. Notably, current detailed information in tabular form and the associated post distribution reflected in sectional organization charts will continue to be provided in the context of the proposed programme budget and that staffing table shall remain as set out in the relevant budget resolution (currently resolution 60/246) unless indicated otherwise by the General Assembly.

32. Bearing in mind the procedures and norms for the creation, suppression, reclassification, conversion and redeployment of posts as identified in the report of the Secretary-General (A/49/339), in managing the staffing table under the present proposal, the Secretary-General would be authorized to reclassify, convert and redeploy posts between all levels within and across the three broad categories of posts without affecting the overall total number of posts authorized for the Secretariat for the period. The following criteria, while not exhaustive, would be applied by the Secretary-General in determining applicable post actions:

(a) The level and scope of activities in the programme of work as verified by workload indicators and expected accomplishments;

(b) The functional impact of the proposed post action on the organizational units concerned;

(c) Options for accommodating the past action within the requesting section prior to action being taken across sections;

(d) The programmatic impact for the sections concerned;

(e) The feasibility of accommodating the post change within the overall appropriation and staffing table approved by the General Assembly;

(f) Compliance with post classification procedures.

Accountability mechanisms

33. Action taken during the course of the biennium would be reported in the context of the first and second performance reports. Such reporting would indicate, inter alia, the sections affected and the impact of such post changes on the affected sections.

34. Should the General Assembly approve both proposals contained herein, the change, including the modification of the Financial Regulations and Rules, would take effect immediately.

III. Action required of the General Assembly

35. **The General Assembly may wish to:**

(a) Authorize the Secretary-General to transfer up to 10 per cent of appropriations between sections of the budget, within parts, during the budget implementation period to meet emerging demands and to report thereon to the General Assembly in the context of the budget performance reports;

(b) Amend financial regulation 5.6 to read as follows:

The Secretary-General shall be authorized to make transfers between appropriation sections, within parts, during implementation of the budget. No transfer between parts may be made without authorization by the General Assembly.

(c) Approve the grouping of posts for budgetary implementation as reflected in paragraph 29 of the present report;

(d) Request the Secretary-General to ensure that in exercising management of the groups of posts, the staffing table for the Secretariat as a whole and the level of the overall appropriation are respected;

(e) Request the Secretary-General to report to the General Assembly on the management of the staffing table in the context of the first and second performance reports on the programme budget.

Annex I

Proposed format for reporting projected changes in the budget estimates for the biennium 2006-2007, by budget section and main determining factor*

			Projected changes								
Expenditure section		*2006-2007 appropriation*	*Unforeseen and extraordinary expenses*	*Decisions of policymaking organs*	*Rates of exchange*	*Inflation*	*Adjustment to standards*	*Vacancy*	*Transfers between sections*	*Total changes*	*Revised estimates*
Part I.	**Overall policymaking, direction and coordination**										
1.	Overall policymaking, direction and coordination										
2.	General Assembly and Economic and Social Council affairs and conference management										
Part II.	**Political affairs**										
3.	Political affairs										
4.	Disarmament										
5.	Peacekeeping operations										
6.	Peaceful uses of outer space										
Part III.	**International justice and law**										
7.	International Court of Justice										
8.	Legal affairs										
Part IV.	**International cooperation for development**										
9.	Economic and social affairs										
10.	Least developed countries, landlocked developing countries and small island developing States										
11.	United Nations support for the New Partnership for Africa's Development										
12.	Trade and development										
	...										
	Total										

Note: Proposed new elements appear in bold type.

* See A/59/578, annex I.

Annex II

Proposed format for reporting the summary of projected expenditures, by budget section and main determining factor[a]

			Projected changes						
Expenditure section		*Revised 2006-2007 appropriation*	*Rate of exchange*	*Inflation*	*Unforeseen and extraordinary expenses and decisions of policymaking organs*	*Post incumbency and other changes*	***Transfers between sections***	*Total*	*Proposed 2006-2007 final appropriation*
Part I.	**Overall policymaking, direction and coordination**								
1.	Overall policymaking, direction and coordination								
2.	General Assembly and Economic and Social Council affairs and conference management								
Part II.	**Political affairs**								
3.	Political affairs								
4.	Disarmament								
5.	Peacekeeping operations								
6.	Peaceful uses of outer space								
Part III.	**International justice and law**								
7.	International Court of Justice								
8.	Legal affairs								
Part IV.	**International cooperation for development**								
9.	Economic and social affairs								
10.	Least developed countries, landlocked developing countries and small island developing States								
11.	United Nations support for the New Partnership for Africa's Development								
12.	Trade and development								
	.....								
	Total								

Note: Proposed new elements appear in bold type.

[a] See A/60/572, schedule 1.

Annex III

Staffing table and its management during implementation

Format of staffing table at adoption of budget (As in resolution 60/246, annex)	Management of staffing table during budget implementation

Category	2006–2007
Professional and above	
Deputy Secretary-General	
Under-Secretary-General	
Assistant Secretary-General	
D-2	
D-1	
P-5	
P-4/3	
P-2/1	
Subtotal	
General Service	
Principal level	
Other level	
Subtotal	
Other	
Security Service	
Local level	
Field Service	
Trades and Crafts	
Subtotal	
Total	

Category	2006–2007
Assistant Secretary-General and above	
Deputy Secretary-General	
Under-Secretary-General	
Assistant Secretary-General	
Subtotal	
Category I	
D-1/D-2	
Category II	
P-2/1 to P-5, Field Service and National Officer	
Subtotal	
Category III	
General Service (Other level), General Service (Principal level), Local level, Trades and Crafts	
Subtotal	
Other	
Security Service	
Subtotal	
Total	